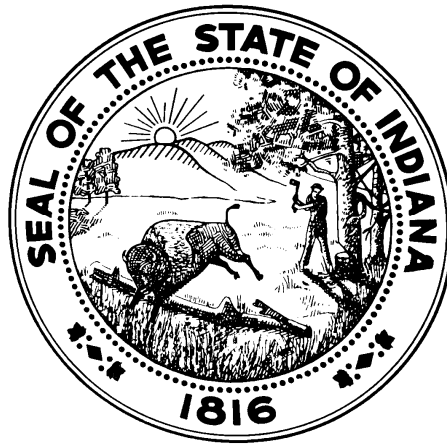


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT
OF
COUNTY AUDITOR
DECATUR COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
12/18/2007

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Bridgett C. Weber	01-01-05 to 12-31-08
President of the County Council	Ernest Gauck	01-01-06 to 12-31-07
President of the Board of County Commissioners	Jerome Buening Charles Buell	01-01-06 to 12-31-06 01-01-07 to 12-31-07



STATE OF INDIANA

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TO: THE OFFICIALS OF DECATUR COUNTY

We have audited the records of the County Auditor for the period from January 1, 2006 to December 31, 2006, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of Decatur County for the year 2006.

STATE BOARD OF ACCOUNTS

October 1, 2007

COUNTY AUDITOR
DECATUR COUNTY
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Excess Amount Expended</u>
Cumulative Capital Development	<u>\$ 30,432</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

OVER CAPTURE OF ASSESSED VALUE WITHIN THE STATE ROAD 3
TAX INCREMENT FINANCING (TIF) DISTRICT

The State Road 3 Corridor Development Economic Development Area was established by the City of Greensburg in March, 2000 to provide the public improvements necessary to promote private development for the public benefit. As the property within the TIF District is developed, the increase in the assessed value is "captured" and that additional tax revenue is designated for future development.

The 2001 (payable in 2002) assessed value was correctly calculated, and the tax collections were properly distributed by the County Auditor to the City for deposit in the TIF Fund. The 2002 (payable in 2003) and all subsequent assessed values were incorrectly calculated by overstating the increase in the assessed value to be "captured" and subsequently distributed to the City's TIF District.

In a joint letter dated June 19, 2007, from the Indiana Department of Local Government Finance (DLGF), the State Auditor's Office, and the State Board of Accounts, the following instructions for correcting this mistake were given to the County and City:

1. The County Auditor should certify the corrected assessed value that should have been captured within the State Road 3 Allocation Area and the amount of property tax collections related to the over captured assessed value for each taxing unit.
2. The County Auditor should submit the final determination of these amounts to the Indiana Department of Local Government Finance (DLGF) for review and approval.

COUNTY AUDITOR
DECATUR COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

3. Once the corrected assessed values and the corrected property tax distributions have been approved by the DLGF, the Clerk-Treasurer of the City of Greensburg should return all excess property tax distributions, currently estimated to be \$ 3,216,476, to the Decatur County Auditor in sufficient time to be included with the December 2007 property tax settlement. No interest should be paid on funds being returned by the City of Greensburg.
4. The County Auditor shall include in the December 2007 property tax settlement the excess property tax distributions returned by the Clerk-Treasurer of the City of Greensburg. The Indiana Department of Local Government Finance will provide guidance to each taxing unit regarding the application of these funds as a temporary adjustment to reduce the 2008 property tax levy. Since this is a temporary adjustment, it will not reduce the future calculation of maximum levies for any taxing unit.

Under Indiana Code 36-7-14-39(b) property taxes are to be distributed and allocated in accordance with the allocation provisions within the declaratory resolution adopted for the allocation area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

- (1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:
 - (A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
 - (B) the base assessed value; shall be allocated to and, when collected, paid into the funds of the respective taxing units.
- (2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district.

COUNTY AUDITOR
DECATUR COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 1, 2007, with Bridgett C. Weber, Auditor; Charles Buell, President of the Board of County Commissioners; and Geneva Hunt, County Council. The officials concurred with our audit findings.